

Interview with Ray Marshall

The Association for Diplomatic Studies and Training Foreign Affairs Oral History Project
Labor Series

SECRETARY OF LABOR RAY MARSHALL

Interviewed by: Morris Weisz

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Q: Today is June 26, 1993. This is Morris Weisz and I am interviewing Professor Ray Marshall, former Secretary of Labor, who has been kind enough to meet me for this purpose at his hotel in Washington, DC. Professor Marshall, you know what we [in the Labor Diplomacy Oral History Project] are after, and suppose you begin with a little bit about your background.

MARSHALL: I was a labor economist by training. I got a Ph. D. from the University of California at Berkeley.

Q: I know. I remember the remarks that you made about Walter Galenson.

MARSHALL: That's right. Walter Galenson was my major professor, and of course he had a strong interest in international labor matters and stressed to all of us how important the comparative method was in understanding labor issues. So I have always had an international outlook in whatever problems that I ...

Q: Well, prior to going to college, your family was . . .

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MARSHALL: My family was not involved in labor or union things at all. I was in an orphanage, the Mississippi Baptist Orphanage. That was until I was probably 14 years old, and I don't know exactly how old I was when I left, but I left, and I worked for about a year in a dental laboratory. Then, when I was 15 years old, I joined the Navy during World War II, so when people say, "Where did you grow up?" I say, "It was in the Pacific." Then I came out of the Navy and went to school on the G.I. Bill, and that's how I finally got into economics. I went to Berkeley, because I had a fellowship to go anywhere in the world to get a Ph.D. I chose Berkeley partly because of its strength in the labor field and the diversity there.

Q: Your undergraduate work was at?

MARSHALL: Millsaps College in Jackson, Mississippi. Then I got a Master's Degree at Louisiana State University and then taught there for a year. In fact the fellowship that I had was a fellowship that made it possible for faculty members from Southern institutions to go anywhere in the world to get a Ph.D. It was a great opportunity. I never regretted it, but a strong impact on me was the international work that was being done at Berkeley. Clark Kerr was there and Clark had an international perspective as well.

Q: He was one of the "four horsemen" as we used to call it.

MARSHALL: That's right. But basically Walter Galenson was the main influence on me in taking an international perspective, and I always thought that the comparative method was a powerful tool, because if you are in a field where experimentation is not possible, then it is possible to look at what is going on in other countries. I think there are several major advantages of looking at labor matters in economic perspective. One is that you can test theories. You know that if a proposition is true in every country, then you are on to something. You are on to a principle, but if it is unique to a particular country, then you know that the institutions in that country shape what happens. And what I think has happened increasingly is that most countries are doing the same things, particularly

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the industrialized countries, but they are doing them in a very different way. They have adopted essentially the same kinds of economic strategies. For example, there is not much difference in the economic strategy of Japan and the economic strategy of Germany or Sweden, but they do very different things.

Q: That's an important point you make and especially in this comparative field, an explanation of why the results are different . . . and that's one of the things I hope we will be doing in this project, in which we are interviewing persons with experience in different countries.

MARSHALL: That right. Then I think it is also important to ask the question: Why have they come to the same conclusions about what they need to do? I think these days when the overriding problem is say economic competitiveness, I think that they have come to that conclusion mainly because they see that you really have only two options. You can either compete with a low wage strategy, which you will get if you don't have a strategy. That's a loser. It implies lower and more unequal wages. Or you can go for higher productivity and higher wages, which is what most every major industrial country except the United States and the United Kingdom have done. And because we believe in laissez faire and didn't believe in a strategy, we backed into a low wage strategy. The reason most countries have rejected this strategy is because they see that it implies lower and more unequal wages, but it also implies that the only way you can maintain or improve your income is to work harder, and there is a limit to how hard you can work. In the United States, real wages are lower than they were in 1970, and the only people who are better off now than then are college educated people, and even college educated people have been losing since 1987. I think there are real dangers in unequal distribution of income, unequal wages, and other countries have reached that same conclusion, so that they have done things that we don't do. We used to have what most people would regard as the best educated work force in the world. Today nobody would argue that we have the best educated work force in world. We had the best educated work force for the old economy, but we don't have the best educated work force for the new economy. You find that out when you look at it from an

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international perspective. I co-chaired the Commission on the Skills of the American Work Force. We studied that question in detail in the United States and six other countries.

Q: Do you have any comment from your work and research and activities on the effectiveness. . . We have a whole lot people with Marshall Plan experience as I do. To what degree were we effective in influencing the foreign countries? In the labor field, of course, we were bringing American experts over, American experts of two types. One type told the European, when I was there, how we do it in the United States and said, "Go thou and do likewise." Other more thoughtful people would try to explain our system and how it developed in terms of "adapt what you find useful to your own situation." We had quite a difference of opinion among the American experts on that, especially labor experts.

MARSHALL: Yes, well my sense of it is, and I haven't paid careful attention to that . . . I was in Japan in the occupation forces. I was off-shore in Japan getting ready to invade when the war ended, so I went in and was there from August 1945 until about May of 1946.

Q: But not with any labor function?

MARSHALL: No. I was a sailor, so I knew what was going on and took a strong interest in it. My sense of it is that we had several different kinds of influence. One, of course, is that in a general sense we strengthened democratic institutions, and I think that probably was our main impact. And, of course, free labor movements are essential in my judgment for a democratic society. We required that the Japanese establish a free labor movement, and they modeled their early labor movement after the Wagner Act in their law, but then pretty soon, because they were able to wipe the slate clean, and because they had greater unity within the country, our paths diverged; that is, they stayed with the Wagner Act in Japan. We passed the Taft-Hartley Act here and became much more anti-union, whereas in Japan and Germany they didn't take that path. They didn't go through all the things we did. They didn't pass the Taft-Hartley Act and have a strong anti-union movement during

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the 1970's and 1980's. It is inconceivable to me that in either Japan or Germany any group of employers would form a Council for a Union Free Environment, so I think our influence was to get the Japanese and the Germans started in democratic institutions, but I think they were smarter than we were in holding on to it, and in realizing that in the post-World War II period your people were your most important asset, and that therefore you had to pay attention to a kind of universal education for all workers with a skills training system and a participatory system.

It is interesting what we did in Germany. You see, we realized that the best way to head the fascists off was to have worker participation or co-determination in the German companies, or at least the British realized that probably more than we did, but we realized it too, that a free labor movement is an important buffer against totalitarian forces whether of the left or of the right, and therefore we encouraged the growth of a free labor movement. I think that the Germans have taken that and developed a pretty powerful economic system based on a much higher degree of worker participation than we have.

My sense of it is that Japanese employers were willing to take the latest thinking from people like W. Edwards Deming and others, and say that makes a lot of sense and that we need to develop that system, whereas American employers were not [willing], and I think the interesting question is: Why not? The answer is "Taylorism". Taylorism was always much more deeply embedded in the American system, and the interesting thing about it to me is that here the United States was the champion of democracy and free labor movements, and we probably have the most elitist management system of any major industrial country.

Q: Wouldn't you say that's changing or there's a realization that it's changing?

MARSHALL: Well, I hope so, but I don't see it changing. One of the things we found out in the Commission on the Skills of the American Work Force was that American companies are sticking pretty much to Taylor. We found that only five percent of American companies

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had really done much to restructure work to have greater worker participation. Now I think there is a growing movement for that, but what I think's missing is the national policy. You see, if you believe, and I don't think there is much doubt at all, that you just leave things up to the market, then you won't get a high wage strategy. The market will give you a low wage strategy. It's a natural phenomenon. If you want to avoid that, you've got to have a strategy. Now one of the reasons that we found, for example, that the companies in Singapore or Ireland or Germany or Sweden or Japan didn't follow the low-wage strategy is because the country would not let them. They had policies that made it difficult for you to cut wages, to lay off workers. They had stronger labor movements, and therefore the country decided that it was better to go for the high-wage strategy. Now, President Clinton ran on the high-wage strategy, and the hope that I have for him is that he understands that the low-wage strategy is a loser, but past administrations have not understood that and have believed that somehow just leaving things to the market would give you good outcomes. I don't believe that.

Q: I hope your present Commission will get the word out.

MARSHALL: Well, I think we will. We did it with the Commission on Skills in the American Work Force that Hillary Clinton was involved in, and Bill Clinton was involved in. They accepted the conclusions and made it a fundamental part of their policy. Now we have the Commission on the Future of Worker-Management Relations. I think here again my international perspective — I'm Chairman of the International Working Group of that Commission; in fact, I volunteered to be Chairman of that group, because I think doing the same kind of work on worker participation and worker-management relations will give us better policy, will give us better insight into what we need to do here.

Q: I should mention to you . . . I won't mention the name because we are on the record. In fact I should have introduced the entire interview by saying, "Please don't say anything that you wouldn't say for the record."

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MARSHALL: Well, I never go off the record.

Q: I wanted to tell you that one of the important organizations here in Washington has one of these TQM [Total Quality Management] systems, which they had until a few months ago, that they want to deal with the workers and find out what is going on, but they prefer to deal with workers as individuals and not through organizations.

MARSHALL: That's right, and that's like trying to have political democracy without political parties.

Q: So I pointed out to them that one of the precepts in the Deming system, which they thought so highly of, was that you've got to find out what the vested interests of the workers are and their organizations, because they can inhibit your success.

MARSHALL: Yes, in one of my recent books — It's called Unheard Voices — I deal with that question in some length, and the conclusion I came to is that trying to have industrial democracy without a union was like trying to have political democracy without a political party, and therefore you are not likely to do it. It's conceivable, if you are a very small company; you can do that; but if you are a large company, it's inconceivable.

Now it seems to me that the other reality, regardless of how large you are, is that you are not likely to have what we call “a high performance organization”, unless the workers have an independent source of power to represent themselves in the process. I think that there are three main reasons for that. One is that you are not going to get workers to go all out to improve productivity, unless they have some way to protect themselves in the process. Most American workers believe that if they go all out to improve productivity, they lose their jobs. Now why do they believe that? Because they will, and they have, and therefore that's one reason. The second reason is that it is very hard to have cooperative relationships between parties of unequal power. Sooner or later the stronger power will assert itself, and then the workers will go out and form a union, or the employers will form

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a multi-employer bargaining group. The same thing happens on either side. And then the third real reason — and this is more subtle and harder for people to see — and that is that the relationship between workers and managers is inherently both adversarial and cooperative. There are not many workers or unions that I know of that want to bankrupt the company where their workers are employed, in spite of all the rhetoric to the contrary.

Q: The old IWW used to say that an agreement was only a temporary halt in the class struggle.

MARSHALL: That's right. There used to be people who believed that, if you bankrupt the employer, that was all right, but not many any more. Therefore, it is hard for me to see how you would manage the relationship to cause the cooperative aspect to predominate, unless the workers have some way to protect themselves in the process. The question then becomes what is an independent source of power and what are their gradations. I think the most essential one is that the workers have a right to quickly form a union, if they want to.

Q: And that has been the problem that you are addressing now.

MARSHALL: That's right, and therefore, if you get a very weak labor movement, or if your policies don't permit workers to do that very quickly, then you really don't have an independent source of power, and I think that's where we are.

Q: Well, this goes off [the subject] a little, and I promise not to take too much of your time, but Tom Kochan came and spoke to the annual meeting of our IRRA [Industrial Relations Research Association] Chapter.

MARSHALL: I heard about that.

Q: A guy, whose name escapes me now, . . . — He used to be with the railroads in a Government capacity. — . . . got up and said to Tom, "You know, you've spoken for a

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long time and answered questions, but I haven't heard the word 'strike' once." It got me to thinking that there is such unanimity among certain people in your field — Tom is one of them, and I like him. — who are willing to deal with non-union situations, which may be necessary in some cases, as well as union ones; but there seems to be such a concentration on labor-management cooperation to increase the size of the pie without realizing that there still will be many issues remaining where the parties have conflicting interests, not cooperative ones; that is, where they differ on how to divide the resulting larger pie.

MARSHALL: Sure, well that's right. I think you've got problems on both sides. I had a lot of union friends, when I was Secretary of Labor, who didn't want to have any kind of cooperation, because they said, "Let them produce and we will grieve." Well, what I have said, and what I believe intently, is that it's not incompatible to cooperate to make the pie bigger and to bargain to split it.

Q: Now the best example of that is the CWA [Communications Workers of America], which feels free to strike while at the same time they cooperate effectively on improving productivity. In some of his statements, CWA President Bahr, because his experience in labor-management cooperation has been so good, sort of doesn't discuss the important element in the process that is represented by the ultimate recourse to strikes.

MARSHALL: Well, I think that's what we need to reexamine. I think that the workers need to have an independent source of power. The right to strike is one form of power. It's not the only form. Therefore, what you have to explore is what are the other forms. And I don't believe that a strike is the worst outcome for anybody, because a strike at least brings problems to a head and gives you a mechanism to resolve them. Low morale, because you can't solve a problem, could be much worse for productivity than a strike which gets it all out and gets it settled.

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Q: That is Usery's point of view. He is very good at that. Well, I want to get you to the point where if you have any experience with what we are calling labor diplomacy, that is the labor aspects of . . .

MARSHALL: Yes, let me address that, because I paid a lot of attention to that when I was Secretary of Labor. It became very clear to me early that . . . [Let me] back up. I always believed that the basic policy that we had right after World War II was a good one, which is that we ought to try to strengthen free labor movements everywhere and to expand democratic institutions. I think we ought to do it here as well as in Poland. That's where I differ with some other people.

Q: The same thing applies to what we did in Europe under the Marshall Plan and what MacArthur did [in Japan] at the same time; we were following different policies [at home].

MARSHALL: That's right. I think we have to be consistent. My view is that you ought to condemn tyrants of the left and the right and be consistent with that. That's one of the reasons I liked Jimmy Carter's international policies. He believed that human rights ought to be a terribly important part of it, and I believe that labor rights ought to be an important part of it. And I believed that as we expanded into the global economy, international issues became much more important, that we could no longer protect the interests of American workers by what we did here alone, and therefore, we had to support labor standards in international agreements. I'm President of the International Labor Rights Education and Research Fund, and we worked to get labor standards in every trade act of the 1980's. I started doing that when I was Secretary of Labor. We tried to get it into the GATT round and couldn't do it. They told me that they weren't ready for it, but I continued to work on it after I left the government. I still believe that we ought to expand it. I think the basic rationale for labor standards within a country applies internationally, and that is there's an equity reason to do it, and that is to prevent people with limited economic power from bearing all the cost of change. There is an efficiency reason to do it [as well]; that is, to cause employers to compete by getting more efficient rather than reducing labor

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standards, and I also say that there is a “Gresham's Law of Standards”. Bad standards tend to drive out the good ones. These third world countries say, “You can't impose your standards on us.” And I said, “I'm not trying to. You tell me when you join the ILO that you subscribe to these standards, but what I also know is that if we don't enforce these standards, that you will impose yours on us.”

Q: How did you answer the issue . . . I served for six years in India, where, I should tell you, I saw the practice of adopting standards and not obeying them, whereas in the United States, of course, we find it difficult to ratify ILO conventions, while we actually follow policies that are much better.

MARSHALL: Yes, and I think we ought to adopt more standards. I don't accept the arguments that are usually given for why we shouldn't do it.

Q: You mean the issue of the power of the states?

MARSHALL: Yes, federalism. Other federal systems do it.

Q: Steve [Schlossberg] told me a whole lot about his view on that.

MARSHALL: Yes, and I chaired a group that Steve worked with, the Economic Policy Council of the United Nations Association, where we made recommendations that the United States adopt more standards. Now, also I don't accept the argument of those people in India who say that “the reason we can't enforce these standards is because of our level of development.” The level of wages can be related to the level of development, but whether you have a wage standard or not is not related to your level of development.

Q: When we were discussing this yesterday I pointed out to Steve the shock I had visiting two oil refineries next door to one another in Visakapatnan on the east coast of India, where the CALTEX Corporation had all the things we recommend — hard hats, steel-toed shoes, and all that — and right next door the Indian Oil Company didn't have them.

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MARSHALL: That's right. You will find that . . .

Q: And I said, "Why not?" And they said, "The labor supply is so large that substitute workers are always available to take the jobs of injured workers."

MARSHALL: That's right. They have a low wage strategy, and they have an abundant labor supply, so they can get all the labor they need.

Q: They believe in humanity, but their attitude toward humans is not too good.

MARSHALL: That's right, and also it costs money. Now, what I say to my free enterprise friends is, "Look, not having labor standards is not good capitalism, because if you believe in accountability, what kind of accountability is it that you tell a company that you don't have to meet all the costs of production, that you can shift those costs to the society or the workers? The profit-maximizing employer will pollute the environment and damage the safety and health of his workers. "

Q: And the labor cost in any event is such a small portion [of their total costs].

MARSHALL: That's right, so that I believe in international labor standards. I also believe in a Labor Attach# Program.

Q: How did you come to know about the Labor Attach# Program?

MARSHALL: Walter Galenson. You know Walter was a Labor Attach#.

Q: Incidentally, I interviewed him last year.

MARSHALL: Yes, I noticed that you had [from the list of previous interviews]. I remember that Walter was in Norway and Denmark. You see he had just come from that, when he taught me in 1951. He had just written his books, and I read his books. Then in 1955 and 1956, I was a Fulbright Professor in Finland, and I worked with the Labor Attach#s

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in Scandinavia as a source of information. Then when I came into the government as Secretary of Labor, one of the first things I did was to try to strengthen the International Labor Affairs Bureau, because I wanted to strengthen that Labor Attach# Program. I brought Howard Samuel on, because I knew he had a strong interest in it.

Q: Do you remember that he hired me to do that study?

MARSHALL: Yes, that's right. And Howard did a tremendous job for me. He was a good political operator. We worked with the State Department. I got Cyrus Vance to agree, when they were cutting personnel, not to cut the Labor Program, but to increase it. Then I met with the Labor Attach#s a number of times. Whenever I could go to a country, one of the first thing I would do . . .

Q: Did you attend any of the Labor Attach# Conferences? Oh, no, Mattson told . . Do you remember Mattson?

MARSHALL: Yes.

Q: Jim Mattson told me the other day that he was in India preparing for a Labor Attach# [Conference] . . This was after I left..

MARSHALL: That's right.

Q: . . . preparing for a Labor Attach# Conference. He had a tour all set for you and you had to call it off.

MARSHALL: That's right. Yes, I had a son with cancer about that time, so while I was all ready to go, he got a lot worse, so I had to cancel that.

Q: Oh, I'm sorry.

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MARSHALL: I had been looking forward to going there, and I met with the Labor Attach#s here any number of times, when they came here, and I also learned how important the information was that I got [from the Labor Attach#s in] the country reports. As the Secretary of Labor I got briefed by the CIA and the DIA and other intelligence groups, but the best information I got on almost every country I ever went to . . . — and I would get it all together and synthesize it. I believe strongly in getting the information about the same event from as many sources as you can. — . . . and invariably the best information that I got about countries was from the Labor Attach#s. You might also remember that we started what we called the Department to Ministry Programs.

Q: Yes.

MARSHALL: With about 18 governments, and that was very important. You talk about “labor diplomacy”. That was some of the most effective diplomacy we had. In fact, the Ambassador to Israel wrote President Carter and said that our program, the Labor Department's program with Israel, was the most effective foreign policy activity that we got involved in. We had one with Mexico; we had a very good relationship with Mexico. We had one with Germany and Brazil and many other countries. Now the reason that that's so valuable is because we could work on common problems without being concerned about the politics of it. You know in Mexico they weren't concerned about who was going to be the leader of the [Group of] 77 or the Director General of the UN or any of those things. Our efforts were mainly concerned with the specific problems we concentrated on. It was an OSHA problem or a youth employment problem. Or in the Israeli case, it was an OSHA question and labor-management relations, as well as labor statistics. We concentrated from a variety of perspectives on the same problem, and it strengthened our understanding.

Another thing I did was to work with some other labor ministers to form a group that we called “the Copenhagen Group”. What we found among the labor ministers is that some were people who were political and therefore knew very little about the subject, and some

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of the rest of us had been working on labor things all of our lives. We had trouble talking to the people who didn't understand it. It was always show and tell, so you would go to an international meeting, and these fellows would read papers, but they couldn't answer questions about it. I saw that, in fact, I put the OECD into apoplexy because I went there and said, "Let's not read the papers. You know, everybody has the papers."

Q: Was this under the labor-management program?

MARSHALL: Well, it could have been anything, like for example, we had one on youth employment that I chaired. I said, "There's no point in our coming here and talking about that." And we had an OECD group working on the issue of standards for multi-national corporations, a code of conduct.

Q: And Chapter 8 was the manpower one, as I remember.

MARSHALL: That's right. It caused our corporations some apoplexy, when I led our group. I got the President to have me lead the group.

Q: I have to say that you were much more active in that. I was the head of the manpower division of the industrial relations division of the OECD from the time I retired at State until 1975, just before you came in, and I wrote that Chapter 8 of the Code, and it was never implemented, until you started raising hell about it.

MARSHALL: I know it. Then the international business community really got excited, and they still are.

Q: They still are, but the Code is effective every once in a while, in spite of the fact that, under instructions, I had to write it in the usual way. I was an international civil servant. You know, you say, "wherever possible" or "when appropriate" and all that stuff, and it really had no teeth in it, until the people, some good people, raised the question of the

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embarrassment that it created for the U.S. Government when we violated the spirit of the code.

MARSHALL: Well, you see that's . . . I understand power, and I know that there are various kinds, and just getting the code will give you moral power. Now, some people discount that. I don't, because I have seen people with very limited economic power and very limited political power use moral power to cause great change. Phil Randolph did that within the labor movement.

Q: Cesar Chavez.

MARSHALL: Chavez did it. In the long run, you can cause a lot of change, some change. And then you can also start getting economic and political power by getting third parties involved. That's what moral power is all about. Very few third parties make up their minds on the basis of their economic interests, because they have no immediate economic interest. Very few economic interests make up their minds on the basis of moral things. They justify it on the basis of moral considerations, but that's not the reason they do what they do. I did a study of companies back during the 1960's on hiring black workers. I went to companies that had recently started doing it, and I said, "Why did you do it?" They said, "It was the right thing to do." I said, "How did you decide that it was the right thing to do." They said, "My religion." And I said, "Well, did you just get converted?" [Laughter] And the answer was "No". So I said, "Then there's something else here." And it wasn't that their religious convictions were unimportant, and they might even have caused them to strain within the framework of the economic constraints and political constraints that they faced — and that was not unimportant, because some of that is the reason some of these people moved first — but anyway I think . . .

Q: I think that South Africa is a good example of that.

MARSHALL: That's right.

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Q: Well, then your experience, I gather, was . . . I would want you also to include any criticism you had of the Labor Attach# Program, because we are trying to analyze that.

MARSHALL: My main criticism was that the State Department didn't give it enough priority most of the time, and I thought Cy Vance did. I thought Ed Muskie continued Cy Vance's policies. He didn't cut it back, and I think what's happened in the country is that they don't see the importance . . . I was looking at Tom Kochan's comment about Australia. You go to any other industrialized country and labor matters are at the center of economic policy. You go to Scandinavia or to Germany or wherever. The education and training of workers, the industrial relations system, co-determination or whatever it is. Now here because of Taylorism, I think, and because we were able to have a reasonably high standard with the mass production system, I think we believed, and a lot of people here believe, a lot of people who seem to be reasonably well informed believe, that unions were products of the early industrial period, and therefore they are disappearing and will atrophy. Well, I believe that as long as you have workers, there will be organizations. Now they might not be the ones we got now. They will have unions. You see my view about labor law reform and all the rest of that is that I'm not doing this to strengthen the AFL-CIO or the unions, I'm doing this because it is good for the country. It's not a pro-union position; its a pro-worker position. The workers ought to have the right to organize and bargain collectively. When people say to me, "Well, you go through all that, and that's not going to have much effect on the growth of unions." I say, "Well, I don't know that. That's not the reason I'm doing it. You may be right." But I think that the really important thing is that those workers have the right to freely organize and bargain collectively, and I think that if they have the right, they'll do it. You know that all the evidence shows that you would triple the present size of the American labor movement, if all those people who wanted to be in unions, were in unions.

Q: Yes. That is a very interesting concept, and it's one that we try to do in the field in the State Department by saying, "We don't want you to have Labor Attach#s simply because we have an interest in having Labor Attach#s; rather it is because we are interested in

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labor issues as an aspect of accomplishing your broad objectives. We think you have to know about labor; you have to know what possibilities for enhancing our objectives lie in the labor field."

MARSHALL: And also understand how important it is to have somebody who can relate to the workers in those countries in the mass movement.

Q: That is the reason for our oral history project; that is, we want to study the change in diplomacy when you insert this new concept of having direct contacts with the ordinary people as against only the striped-pants diplomats.

MARSHALL: Yes, next year I am doing an international study of teachers' unions. I am going to visit all the countries that we studied. You see, we did 2,800 interviews in 580 companies in seven countries for the Commission on the Skills of the American Work Force. My next year's project is to look at the status of teachers relative to the United States, and you know what the answer is. Second, how collective bargaining works. There is a strong belief in the United States that, if it weren't for the unions, you would have a better education system. I want to test that proposition by looking at the education systems where the unions are very strong, but more importantly to say what in fact do they do that improves the education system and the status of teachers. The basic proposition seems to me to be so simple that you are amazed that you have assert it, and that is that you are not going to have a world class education system unless you have world class teachers, and you are not going to get world class teachers, unless they have independence. Just like I think you would have great trouble having a medical profession or legal profession, or any other, unless they had organizations that represented their interests and had standards that represented their interests.

Q: I hope your study will try to approach the problem of understanding the teachers' organizations in the former Soviet Bloc.

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MARSHALL: I want to try to do that.

Q: I hope you get into that, because the whole problem there is so fascinating. The history of political control presents special problems in the changed situation.

MARSHALL: Yes, in fact one of the things that would be helpful to me is, if you've got names of people I ought to interview, say of people in those countries in the teachers' unions, I'm going to look at the international teachers' organizations that merged . . .

Q: Yes, they have now finally . .

MARSHALL: That's right, and I plan to interview them.

Q: Maybe the Teachers' Union and the NEA [National Education Association] will get together here and follow that international precedent.

MARSHALL: Did you see the article in "This Week"?

Q: That's right.

MARSHALL: I think it's coming. I don't know how long it will take. But anyway, I think that whole question of looking at things in international perspective, and trying to look at the unity and the diversity, is a good way to do it.

Q: That leads me to ask your comment on something that is very important currently. When Secretary Reich, whom I don't know, but I'm sort of influenced by the fact that he is not an economist really, or his approach is not strictly economic.

MARSHALL: Yes, he really is an economist. He's not trained [as an economist]. He doesn't have the card, but he is a better economist in my judgment than many of those with it.

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Q: That's right, and I should tell you that I have a sympathy for him, because I never took a course in economics, and I became a Professor of Economics. Well, when Reich was up for conformation before the Senate, the question of comparative labor data [came up], and Senator Pell, who should have known better, — he used to be a Foreign Service Officer — said to him, “ Well, you have a whole lot of people on your staff as Labor Attach#s. You can get the information from them, etc.” Of course Reich doesn't have them on his staff, and one of the serious problems now is the fact that he doesn't have anybody whose handling international labor. . . — The papers are still clearing. — . . . and he cannot impose; he cannot make the sort of demand for such data that should be normal for the Department of Labor to make of the Department of State. You asked me, you know, if I have any contacts which I'll try to get you. I should do that. . . . but really the basic thing is that this is an important study, that somebody should ask ILAB (the Bureau of International Labor Affairs), “Look, we need this information for policy purposes, for important studies.” My problem as a labor officer. . . — as the first Counselor for Labor Affairs in the State Department — . . . was that I was always following directions about a standard annual report I had to file every year, rather than getting some specific idea of what you wanted from me, so although I had a wonderful time following my own interests, I did not get feedback on how I was meeting the Department of Labor's needs.

MARSHALL: Well, I try to do it differently. I don't know if you talked to people that we tried to get information from.

Q: I know because you hired me to write the study on India.

MARSHALL: Well, that's right. I wasn't going to tell you about India. That's dumb. You see one of the problems with the bureaucratic mind, and that's how you get these directives, is that they believe that they know more about what is going on in India than you do, because they have studied all that and taken all the courses. I used to say to the people in the Labor Department, “You know, even if you had the brightest mind in the world, you couldn't sit here and by deductive logic tell me what it's like in Dime Box, Texas.”

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Therefore, what I think we need to do is — but I think it's a very important issue and I think we need to examine it and ask ourselves, “What are they not doing that they ought not to be doing? What are they doing that they should be doing?” And we ought to ask questions of them. I would get the Labor Attach#s together, as I did every chance I got, you know, meeting with them and say, “How can we here help you do you job better?” Then part of it was trying to enhance their status, so that the Labor Attach#s would have higher status.

Q: The big issue when I was appointed was would I be a member of the Country Team, and luckily I had Ambassador Bowles there who said to his staff, “Absolutely. Of course we've got to do that.” It's not only status for status' sake, but it's being at that level for insuring access to policy-making.

MARSHALL: And helping make decisions and get information. I would say that the biggest problem that I faced was causing other people in the government to understand how important that issue was. The first time I ever discussed it with Cy Vance. . . — We had one conversation there, no more. — . . . he saw it and was ready to go. I was well pleased with the way he responded. I think you have to do that though. As I used to say to them in our Administration, you know, “I'm the only labor advocate in this Administration.” And some people are surprised to find a pro-labor Secretary [of Labor].. . (End of Side One, Tape One)

The mandate of the Secretary of Labor is to protect and promote the interests of the American workers, and it's pretty plain in the law, and I read that and I said, “That's what I want to do.” And pretty soon I could see that you couldn't do that if you just paid attention to what was happening in this country, because in an internationalized environment, all kinds of things affect [workers]. Foreign policy affects workers. Certainly international economic policy affects workers, which gets us back to the story about the Copenhagen Group. The reason we organized that group was so that Labor Ministers would have greater effect on the economic policy in their countries and in the OECD. We kind of used the leverage effect; that is, whoever had the strongest influence with his prime minister

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or president would make the case that all labor ministers ought to be involved in the international [arena]. Helmut Schmidt would come to this country, and he never came without his labor people. Well, I pointed that out to Jimmy Carter. Why does he do that? Helmut is a smart fellow. He understands the importance of relating [to labor]. He would call on the AFL-CIO, knowing that it was important to relate. So we used that. In Denmark, you know, [Prime Minister] Anker Jorgensen was a labor leader, and then you had Bob Hawke in Australia later on, so that labor was either in the government or in the main opposition to the government in every country; so that not to understand and relate to all of that was a serious error, I thought.

Now I think that there are technical things that you can learn too, and that's the reason for the Department to Ministry Program. I learned a lot about OSHA by looking at what they were doing in every other country. I knew we weren't doing it right, and I could look at these labor-management safety and health committees in other countries and how they worked, and I said, "Aha, that's what we are going to do if we can." I got the President to issue an Executive Order doing it in the Federal Sector, and if we had survived, we would have proposed legislation to require it. We have legislation in Congress now, that I'm pushing. Another area where I learned about participation was in the need for joint control of pension funds. There's a tremendous amount of economic power [in such funds], but the workers' pension funds are not controlled by workers. But they do it in other countries.

Q: Was ERISA formed under your [leadership as Secretary of Labor]?

MARSHALL: No, it was already there when I got there, but I spent a lot of time on it, because we had the [Teamster's] Central States' Pension Fund fight, where we tried to strengthen the enforcement, and we did that. I learned less about ERISA from other countries than I did about OSHA. I learned a fair amount about economic policy making. You see we are the only major country where the labor function [is not represented at the economic policy level]. It is now, because President Clinton did what we recommended and created a National Economic Council, and Bob Reich has as much influence there as

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any other Cabinet officer almost, and I think that's the way it ought to be. And you don't have another Cabinet officer as chair of [the Council], which is what we always did in the past, and that was a huge mistake.

Q: You have the White House as Chair.

MARSHALL: Yes. The President ought to be Chair of it.

Q: Well, it may interest to know that, after 23 years of conservative government when labor came into power in Australia, the first thing they did was to go to the OECD and say, "What should we be doing about our national policy?" And they sent a three man team — I was on it; in fact, I was the head of it. — to Australia to examine their situation and to expose them to the various programs being administered all over the OECD.

MARSHALL: And I think the Australians did a good job, don't you. They sent a team around looking at what was happening in other countries. I got their report, and it is one of the best kind of international statements of labor and economic policy that I've seen.

Q: That's great, because one of our recommendations was that instead of learning from our descriptions of foreign experience, their own people should observe what was going on over there.

MARSHALL: And adapt programs that fit their requirements.

Q: That was one of my best experiences, because as a result of the survey we did, the next thing I knew the head — the most prominent labor professor — was put on the labor court, the only non-lawyer on the court, Joe Isaac.

MARSHALL: Yes, I remember that.

Q: And then they hired me to take his place for a year, while they conducted a search for another labor professor.

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MARSHALL: Oh, is that right?

Q: Yes, so I spent a wonderful year there.

MARSHALL: Well, good. In fact Australia is one of the places I'm going to study.

Q: Study the teachers there?

MARSHALL: Yes.

Q: Oh, that is very important.

MARSHALL: And I have been there several times. In fact, I was there when they were going through all this. I talked with them early about their accord when Bob Hawke came in.

Q: Did you know Joe Isaac, who's a wonderful, wonderful man?

MARSHALL: Yes. I met him there.

Q: I've just heard from him. He has had a heart attack too, but he is getting along well. I know your time for this interview is running short, and, it will take me some time to pack up the tape recorder.

MARSHALL: Okay.

Q: I would love to continue this.

MARSHALL: Well, I would too. And if you want to talk to me more, get in touch with my office again and we'll arrange it.

End of interview